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AMENDED IN SENATE JUNE 30, 2015

AMENDED IN ASSEMBLY MAY 28, 2015

AMENDED IN ASSEMBLY MARCH 24, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1230

Introduced by Assembly Member Gomez

(Principal coauthor: Assembly Member Waldron)

(Principal coauthors: Senators Mendoza and Vidak)

**(Coauthors: Assembly Members Brough, Chau, Chiu, Dodd, Eggman,
Gray, Lackey, Nazarian, Olsen, and Steinorth)**

*(Coauthors: Senators Allen, Anderson, Bates, Galgiani, Hall, Hertzberg,
Hill, Nielsen, Pavley, and Roth)*

February 27, 2015

An act to add Section 44559.13 to the Health and Safety Code, relating to small business, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1230, as amended, Gomez. California Americans With Disabilities Small Business Capital Access Loan Program.

Existing law provides various programs to expand access to persons with disabilities and promote compliance with the federal Americans with Disabilities Act of 1990.

Existing law establishes the Capital Access Loan Program, which is administered by the California Pollution Control Financing Authority (authority) to assist small businesses to finance the costs of complying

with environmental mandates and the remediation of contamination on their properties.

This bill would establish the California Americans with Disabilities Act Small Business Capital Access Loan Program within the Capital Access Loan Program, to create a self-sustaining program to provide loans to assist small businesses ~~finance in financing~~ the costs of projects that alter or retrofit existing small business facilities, meeting specified criteria, to comply with the federal American with Disabilities Act.

This bill would authorize the authority to administer the program, including adopting regulations, and controlling funds appropriated for the program, as specified.

This bill would establish the California Americans with Disabilities Act Small Business ~~Compliance Financing Authority~~ Capital Access Loan Program Fund, as a continuously appropriated fund, and require the authority to use the fund for all its purposes. This bill would also transfer ~~\$50,000,000~~ \$10,000,000 from the General Fund to the California Americans with Disabilities Act Small Business ~~Compliance Financing Authority~~ Capital Access Loan Program Fund.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 44559.13 is added to the Health and
- 2 Safety Code, to read:
- 3 44559.13. (a) It is the intent of the Legislature in this act to
- 4 create and fund the California Americans with Disabilities Small
- 5 Business Capital Access Loan Program to assist small businesses
- 6 in complying with the Americans with Disabilities Act. It is not
- 7 the intent of the Legislature to assist the physical expansion of
- 8 small businesses that includes modifications that comply with the
- 9 Americans with Disabilities Act. The program shall be
- 10 administered by the California Pollution Control Financing
- 11 Authority and follow the terms and conditions for the Capital
- 12 Access Loan Program for Small Businesses in this article with the
- 13 additional program requirements specified under this section.
- 14 (b) For purposes of this section, unless the context requires
- 15 otherwise, the following words and terms shall have the following
- 16 meanings:

1 (1) “Americans with Disabilities Act” means the federal
2 Americans with Disabilities Act (42 U.S.C. Sec. 12101 et seq.)
3 and amendments thereto.

4 (2) “California Americans with Disabilities Act Small Business
5 Capital Access Loan Program Fund” or “fund” means a fund
6 established and administered by the authority pursuant to Sections
7 44548 and 44549 to be used for purposes of this program.

8 (3) “Eligible cost” means and includes all or any part of the
9 price of construction, purchase price of real or personal property,
10 the price of demolishing or removing any buildings or structures,
11 the price of all machinery and equipment, the amount of financing
12 charges and interest prior to, during, and for a period not to exceed
13 the later of one year or one year following completion of
14 construction, as determined by the authority, the price of insurance
15 during construction, the amount of funding or financing noncapital
16 expenses, the amount of reserves for principal and interest and for
17 extensions, enlargements, additions, replacements, ~~renovations~~
18 *renovations*, and improvements, the price of engineering, ~~financial~~
19 *financial*, and legal services and other service contracts, the price
20 of plans, specifications, studies, surveys, estimates, administrative
21 expenses, and any other expenses of funding or financing, that are
22 necessary and allocable to the eligible project, and shall not include
23 costs not directly related to physical alterations necessary for
24 compliance with the Americans with Disabilities Act.

25 (4) “Eligible project” means the physical alterations or retrofits
26 to an existing small business facility of less than 10,000 square
27 feet necessary to ensure that facility is in compliance with the
28 Americans with Disabilities Act, and the financing necessary to
29 pay eligible costs of the project.

30 (5) “Qualified loan” means a loan or portion of *a* loan as defined
31 in subdivision (j) of Section 44559.1, where the proceeds of the
32 loan or portion of *the* loan are limited to the eligible costs for an
33 eligible project under this program, and where the loan or portion
34 of *the* loan does not exceed fifty thousand dollars (\$50,000).

35 (6) “Small business” or “qualified business” means a business
36 referred to in subdivisions (i) and (m) of Section 44559.1, that
37 meets the following additional criteria:

38 (A) ~~Fewer than 15~~ *Fifteen or fewer* full-time equivalent
39 employees.

1 (B) Less than one million dollars (\$1,000,000) in total gross
2 annual income from all sources.

3 (C) Does not provide overnight accommodations.

4 (c) (1) The California Americans with Disabilities Act Small
5 Business Capital Access Loan Program Fund is established in the
6 State Treasury for, and shall be administered by the authority
7 pursuant to Sections 44548 and 44549 for, this program.
8 Notwithstanding Section 13340 of the Government Code, all
9 money in the fund is continuously appropriated to the authority
10 for carrying out the purposes of this section. The authority may
11 divide the fund into separate accounts. All moneys accruing to the
12 authority pursuant to this section from any source shall be deposited
13 into the fund.

14 (2) ~~Subject to contributions paid by the authority in support of~~
15 ~~qualified loans and subject further to any reasonable costs that~~
16 ~~may be incurred by the authority in administering this section, all~~
17 *All moneys in the fund derived from any source shall be held in*
18 *trust for the life of this program. program, subject to the program*
19 *expenditures and costs of administering this section, as follows:*

20 (A) *Program expenditures shall include both of the following:*

21 (i) *Contributions paid by the authority in support of qualified*
22 *loans.*

23 (ii) *Reasonable costs to educate the small business community*
24 *and participating lenders about the program, including travel*
25 *within the state.*

26 (B) *Administrative expenditures shall be limited to 5 percent of*
27 *the initial appropriation plus 5 percent of all moneys recaptured,*
28 *and shall include all of the following:*

29 (i) *Personnel costs.*

30 (ii) *Service and vending contracts necessary to carry out the*
31 *program.*

32 (iii) *Other reasonable direct and indirect administrative costs.*

33 (3) The authority may direct the Treasurer to invest moneys in
34 the fund that are not required for its current needs in the eligible
35 securities specified in Section 16430 of the Government Code as
36 the authority shall designate. The authority may direct the Treasurer
37 to deposit moneys in interest-bearing accounts in state or national
38 banks or other financial institutions having principal offices located
39 in the state. The authority may alternatively require the transfer of
40 moneys in the fund to the Surplus Money Investment Fund for

1 investment pursuant to Article 4 (commencing with Section 16470)
2 of Chapter 3 of Part 2 of Division 4 of the Government Code. All
3 interest or other increment resulting from an investment or deposit
4 shall be deposited into the fund, notwithstanding Section 16305.7
5 of the Government Code. Moneys in the fund shall not be subject
6 to transfer to any other fund pursuant to any provision of Part 2
7 (commencing with Section 16300) of Division 4 of the Government
8 Code, excepting the Surplus Money Investment Fund.

9 (d) The authority shall adopt regulations pursuant to subdivision
10 (c) of Section 44520 to implement the program, including
11 provisions specific to this program as described in this section and
12 further including provisions to:

13 (1) Establish a new loss reserve account for each participating
14 lender enrolling loans in this program.

15 (2) Obtain a certification from each participating lender and
16 small business upon enrollment of a qualified loan that the proceeds
17 of the loan will be used for the eligible costs of an eligible project.

18 (3) Contribute an additional incentive from the fund for each
19 loan enrolled for a qualified business located in a severely affected
20 community.

21 (4) Restrict the enrollment of a qualified loan in any other
22 Capital Access Loan Program for small business offered by the
23 authority as long as funds are available for this program.

24 (5) Limit the term of loss coverage for each qualified loan to
25 no more than five years.

26 (6) Recapture from the loss reserve account the authority's
27 contribution for each enrolled loan upon the maturation of such
28 loan or after five years from the date of enrollment, ~~which ever~~
29 *whichever* happens first, to be deposited in the fund and applied
30 to future ~~expenditures for contributions and administrative costs.~~
31 *program and administrative expenditures.*

32 SEC. 2. The sum of ~~fifty ten~~ million dollars ~~(\$50,000,000)~~
33 ~~(\$10,000,000)~~ is hereby transferred from the General Fund to the
34 California Americans with Disabilities Act Small Business Capital
35 Access Loan Program Fund for the purposes of funding loss reserve
36 accounts and administering the program pursuant to the California
37 Americans with Disabilities Act Small Business Capital Access
38 Loan Program.

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